

STATE CORPORATION COMMISSION

AT RICHMOND, APRIL 13, 2020

*Document Control Center 04/13/20@2.51 PM*COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

v.

CASE NO. INS-2020-00047

ANTHEM HEALTH PLANS OF VIRGINIA, INC.,
DefendantSETTLEMENT ORDER

Based on a target market conduct examination conducted by the Bureau of Insurance ("Bureau"), it is alleged that Anthem Health Plans of Virginia, Inc., duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), in certain instances violated § 38.2-109 B of the Code of Virginia ("Code") by failing to clearly disclose the liability assumed by the insurer; §§ 38.2-316 A, 38.2-316 B, and 38.2-316 C 1 of the Code by failing to use insurance policies or forms on file and approved by the Commission; § 38.2-502 (1) of the Code by misrepresenting the benefits, advantages, conditions or terms of an insurance policy; § 38.2-508 (2) of the Code by engaging in unfair discrimination; § 38.2-514 B of the Code by failing to make proper disclosures on explanation of benefits; § 38.2-1812 A of the Code by paying or sharing commissions with unlicensed or unappointed agents; § 38.2-1833 A 1 of the Code by accepting applications from unappointed agents; § 38.2-1834 D of the Code by failing to comply with the Commission's notification requirements of the termination of agent appointments; § 38.2-3405 B of the Code by improperly allowing the subrogation of claim payments; § 38.2-3407.1 B of the Code by failing to pay interest on accident and sickness claim proceeds; § 38.2-3407.3 A of the Code by failing to calculate coinsurance on the amount paid or payable to the provider;

§ 38.2-3407.4 B of the Code by failing to accurately and clearly set forth in the explanation of benefits the benefits payable under the contract; § 38.2-3407.14 C of the Code by failing to provide the required notice at least 75 days prior to the proposed renewal of coverage; §§ 38.2-3407.15 B 1, 38.2-3407.15 B 2, 38.2-3407.15 B 3, 38.2-3407.15 B 4, 38.2-3407.15 B 5, 38.2-3407.15 B 6, 38.2-3407.15 B 7, 38.2-3407.15 B 8, 38.2-3407.15 B 9, and 38.2-3407.15 B 10 of the Code by failing to demonstrate ethics and fairness in carrier business practices and by failing to include required provisions in provider contracts; §§ 38.2-3407.15:1 B 1, 38.2-3407.15:1 B 2, 38.2-3407.15:1 B 3, 38.2-3407.15:1 B 4, 38.2-3407.15:1 B 5, 38.2-3407.15:1 B 6, 38.2-3407.15:1 B 7, 38.2-3407.15:1 B 8, and 38.2-3407.15:1 B 9 of the Code by failing to demonstrate ethics and fairness in carrier business practices and by failing to include required provisions in carrier contracts with pharmacy providers or intermediaries; § 38.2-3407.15:1 C of the Code by failing to demonstrate ethics and fairness in carrier business practices and by failing to include required provisions in provider and carrier contracts; § 38.2-3542 C of the Code by failing to provide the required notice of termination of coverage, including the specific date, not less than 15 days from the date of such notice, by which coverage will terminate if overdue premium is not paid; § 38.2-3561 J of the Code by failing to promptly approve coverage upon receipt of a notice reversing the adverse determination or final adverse determination; § 38.2-5804 A of the Code by failing to maintain the complaint system approved by the Commission; § 38.2-5805 B of the Code by failing to maintain written copies of provider contracts; 14 VAC 5-90-50 A of the Commission's Rules Governing Advertisement of Accident and Sickness Insurance, 14 VAC 5-90-10 *et seq.* ("Rules"), by failing to use the proper format and content in advertisements, 14 VAC 5-90-55 A and 14 VAC 5-90-55 B of the Commission's Rules by failing to include the required provisions

and rate information in invitations to inquire, 14 VAC 5-90-60 A (2) by failing to comply with requirements applicable to advertisements of covered benefits; 14 VAC 5-90-90 A of the Commission's Rules by failing to use current and relevant facts in advertisements, 14 VAC 5-90-90 C of the Commission's Rules by failing to disclose the source of any statistics used in an advertisement; 14 VAC 5-90-110 of the Commission's Rules by making disparaging comparisons and statements in advertisements; 14 VAC 5-216-40 E (1) of the Commission's Rules Governing Internal Appeal and External Review, 14 VAC 5-216-10 *et seq.*, by failing to notify the insured of the final benefit determination within a reasonable period of time; as well as 14 VAC 5-400-60 A of the Commission's Rules Governing Unfair Claim Settlement Practices, 14 VAC 5-400-10 *et seq.*, by failing to provide timely notification of acceptance or denial of claims; and 14 VAC 5-400-70 A and B of the Commission's Rules by failing to provide claimants with written notice of claim denials and by failing to provide a reasonable written explanation for such claim denials.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1040 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been advised of the right to a hearing in this matter whereupon the Defendant, without admitting nor denying any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has agreed to comply with the corrective action plan set forth in the examination report as of December 31, 2015; has tendered to the Treasurer of Virginia the sum of One Hundred Thirty Two Thousand Six Hundred Dollars (\$132,600); and has waived the right to a hearing.

The Bureau has recommended that the Commission accept the offer of settlement of the Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code.

NOW THE COMMISSION, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Bureau, is of the opinion that the Defendant's offer should be accepted.

Accordingly, IT IS ORDERED THAT:

(1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.

(2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

A COPY of this order shall be sent electronically by the Clerk of the Commission to: Kimberly Stevens, Regulatory Compliance Director, Anthem Health Plans of Virginia, Inc. at kimberly.stevens@anthem.com, 2015 Staples Mill Road, Richmond, Virginia 23230; and a copy shall be delivered to the Commission's Office of General Counsel and the Bureau of Insurance in care of Deputy Commissioner Julie Blauvelt.